

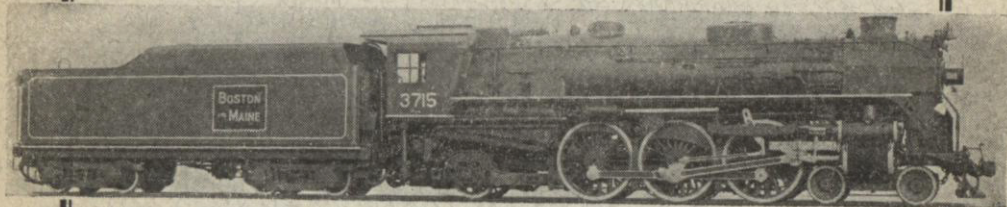
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MAR 24 1941

One Hundred and Eighth ANNUAL REPORT 1940



YEAR ENDED DECEMBER 31, 1940



PACIFIC (4-6-2) TYPE LOCOMOTIVE

For Fast Passenger Service

Total Weight Engine 339,800 lbs.

Total Weight Tender 240,800 lbs.

Tender Capacity 18 tons Coal — 12,000 gals. Water

STRAWBOARDS

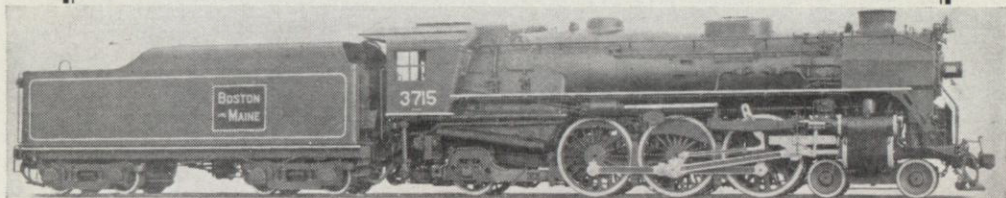
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DIRECTORS

PHILIP R. ALLEN, E. Walpole, Mass.	JAMES GARFIELD, Cambridge, Mass.
ROGER AMORY, Boston, Mass.	ALDUS C. HIGGINS, Worcester, Mass.
LOUIS M. ATHERTON, Swampscott, Mass.	ERNEST M. HOPKINS, Hanover, N. H.
HUGH J. CHISHOLM, Portland, Maine	LOUIS K. LIGGETT, Newton, Mass.
WILLIAM DEXTER, Lancaster, Mass.	JOHN R. McLANE, Manchester, N. H.
FAIRMAN R. DICK, New York, N. Y.	ARTHUR B. NICHOLS, Melrose, Mass.
HARRY H. DUDLEY, Concord, N. H.	ROY L. PATRICK, Burlington, Vt.
FREDERIC C. DUMAINE, JR., Weston, Mass.	*W. RODMAN PEABODY, Milton, Mass.
REGINALD FOSTER, Manchester, Mass.	WILLIAM B. SKELTON, Lewiston, Me.
EDWARD S. FRENCH, Springfield, Vt.	J. DUNCAN UPHAM, Claremont, N. H.
WILLIAM D. WOOLSON, Springfield, Vt.	

* Died January 12, 1941.

OFFICERS

President and Chairman of Executive Committee	EDWARD S. FRENCH
Vice-President and Clerk of Corporation	ARTHUR B. NICHOLS
Vice-President — Finance and Accounting	W. S. TROWBRIDGE
Vice-President and General Manager	J. W. SMITH
Vice-President — Purchases and Stores	A. W. MUNSTER
Vice-President — Traffic	J. W. RIMMER
Treasurer	E. J. GALLAGHER
General Counsel	W. A. COLE
Chief Engineer	W. F. CUMMINGS

Transfer Agent in Boston for all classes of stock, Old Colony Trust Company, 17 Court Street, Boston, Massachusetts.

Transfer Agent in New York for common stock, Guaranty Trust Company, 140 Broadway, New York City.

BOSTON AND MAINE RAILROAD

To the Stockholders of Boston and Maine Railroad:

On behalf of the Board of Directors there is submitted herewith a report for the year ended December 31, 1940.

PLAN OF EXCHANGE

The rearrangement of the Company's debt, mention of which was made in the Report for the year ended December 31, 1939, as presented to the holders of the Company's mortgage bonds and secured notes in the Plan of Exchange dated December 15, 1939, as amended, was declared operative effective June 13, 1940, and was consummated on July 25, 1940.

The Plan provided for:

- (a) An issue of first mortgage 4% bonds bearing interest from June 13, 1940, and maturing July 1, 1960, to be secured by mortgage to Old Colony Trust Company and Craig B. Haines, Trustees, dated December 1, 1919, and supplement thereto dated July 1, 1940 (a certain part of these bonds to be additionally secured by collateral deposited with the First National Bank of Boston, Trustee under Collateral Trust Indenture dated July 1, 1940); and
- (b) An issue of income mortgage 4½% bonds to mature July 1, 1970, secured by new mortgage indenture to State Street Trust Company of Boston and Dana M. Dutch, Trustees, the payment of interest on the income mortgage bonds to be contingent upon earnings and to accumulate at 4% per annum from June 13, 1940.

Under the provisions of the Plan, bondholders who agreed to exchange their holdings of mortgage bonds were given the option to take part cash in exchange therefor, provided they served notice on the Company to that effect, or to take all new bonds, 50% in new first mortgage 4% bonds of 1960 and 50% in new income mortgage 4½% bonds of 1970. Those bondholders who elected to take part cash received for each \$1,000 par value of old bonds \$300 in cash, \$200 par value of new first mortgage 4% bonds, and \$500 par value of new income mortgage 4½% bonds.

The holders of \$96,574,500 par value, or 93.25% of the mortgage bonds of the Company outstanding in the hands of the public, and the holders of all of the outstanding secured notes of the Company, assented to the terms of the Plan of Exchange. The holders of \$86,900,000 par value of the Company's mortgage bonds that assented to the Plan elected to take the cash option, thus making it necessary to provide — at the rate of \$300 for each \$1,000 par value — 30% of this amount or \$26,070,000 in cash.

The total par value of mortgage bonds and secured notes, the holders of which agreed to exchange for the new bonds or for part new bonds and part cash, was \$116,198,028.24 or 94.33% of the total outstanding. The new securities of the Company to be exchanged for those bonds and secured notes were issued in the form of

New first mortgage 4% bonds of 1960, par value.....*	\$67,910,200 00
Of this amount \$45,693,000 are additionally secured.	
And new income mortgage 4½% bonds of 1970, par value....*	48,287,000 00
Cash to balance was provided by the Railroad.....	828 24
	<u>\$116,198,028 24</u>

* Each issue reduced as of December 31, 1940 by \$19,500 by reason of default with respect to assents for \$39,000 par value of old bonds.

The first mortgage 4% bonds were issued — \$26,070,000 face value to the Reconstruction Finance Corporation at par for cash to provide funds to pay bondholders who elected to take part cash; \$14,123,000 to the R.F.C. in payment at par for the secured notes of the Company held by the R.F.C.; \$5,500,000 to various banks in payment at par of secured notes of the Company held by them; and the balance of \$22,217,200 together with the \$48,287,000 par value of income mortgage 4½% bonds of 1970, to the old Colony Trust Company as agent for the railroad to be exchanged for old bonds surrendered for exchange by bondholders.

The Plan provided that from the available net income of the Company for each calendar year to the extent that such available net income is sufficient, there may, at the discretion of the Board of Directors, be set aside, first, a fund of \$1,000,000 (less the amount of charges against income in such year for depreciation on roadway and structures), to be used for additions and betterments to the Company's property; second, from any remaining available net income there shall be paid to the Trustee as a sinking fund for the first mortgage 4% bonds of 1960 an amount equal to 1% of the aggregate principal amount of such bonds issued; third, from any then remaining available net income there shall be paid to the holders of income mortgage 4½% bonds of 1970 as interest an amount up to 4½% of the principal amount of bonds then outstanding, plus all accumulated and unpaid interest to the end of such calendar year; fourth, from any then remaining available net income there shall be paid to the Trustee as a sinking fund for the income mortgage 4½% bonds of 1970 an amount equal to 1% of the aggregate principal amount of such bonds issued. Any balance of available net income remaining after the above allocations may in the proportions specifically set forth in the mortgage indenture be applied to the purchase of Funded Debt of the Railroad, to increase the Capital Fund, or for other corporate purposes properly chargeable to property or investment account.

The Plan provided that the sinking fund of 1% for the first mortgage 4% bonds of 1960, which would otherwise have been payable in 1941 from the earnings of 1940 and amounting to \$679,102, might, at the discretion of the Board of Directors of the Company, be used to reimburse the Company's treasury in part for the payment at maturity of the mortgage bonds of the Company which matured during 1940, but for which no assent to the Plan of Exchange had been made. The total

par value of such bonds paid and cancelled at maturity during 1940 was \$1,064,000. Of this amount \$200,000 Series NN bonds owned by Commonwealth of Massachusetts matured and were paid January 2, 1940. The Plan further provided that, at the discretion of the Board of Directors, the payment of interest on the income mortgage bonds might be deferred during 1941, even though earned in 1940, in order to supplement the current working capital and provide cash funds for future needs.

The Board of Directors at a meeting held on January 28, 1941, voted to set up the Capital Fund mentioned above, to use the money applicable to the sinking fund for the first mortgage bonds to partially reimburse the treasury for payments for mortgage bonds matured in 1940, and to make no interest payments on the income mortgage bonds in 1941, the funds available therefor to be used to increase the Company's working capital.

In connection with carrying out the Plan, negotiations were had with four of the railroads which are leased to this Company — Concord and Portsmouth, Pemigewasset Valley, Peterborough and Wilton Railroads — looking to a reduction in their rentals. These negotiations resulted in modifications of the leases of all four railroads, saving this company about \$45,000 per annum.

The consummation of the Plan of Exchange therefore resulted in a reduction in the fixed interest charges of the Company amounting to \$2,630,659 annually and in the leased line rentals of approximately \$45,000 annually, a total annual reduction in fixed charges of approximately \$2,675,659.

The total par value of bonds for which assent to the Plan was not obtained was \$6,122,000. These bonds remain a first mortgage of the Company and principal and interest thereon must be paid as they become due. The maturity dates of the bonds are shown on pages 22 and 23 of this report.

The Directors are happy to record their appreciation of the splendid cooperation received by the Railroad's management in effectuating the Plan. From security holders, the Reconstruction Finance Corporation, the Governors of the six New England States, newspapers, banks, investment and business houses, service organizations, railroad brotherhoods, and certain of our leased lines, the management obtained most helpful support. Their contribution to the success of a voluntary debt refinancing which has been universally commended, which has placed the Company's debt structure on a sound basis, and which has preserved Northern New England's principal transportation system from receivership, is most gratefully acknowledged.

INCOME ACCOUNT—CONDENSED

	1940	Increase or Decrease	Per Cent
Operating Revenue	\$47,597,792 18	\$1,256,710 34	2.71
Operating Expenses	34,257,991 81	1,124,079 17	3.39
Net Revenue from Operation	\$13,339,800 37	\$ 132,631 17*	1.00
Railway Tax Accruals	3,661,054 03	141,330 91	4.02
Railway Operating Income	\$ 9,678,746 34	D \$ 8,699 74	0.09
Equipment and Jt. Fac. Rents — Net Dr.	2,743,504 63	11,200 94	.41
Net Railway Operating Income	\$ 6,935,241 71	D \$ 19,900 68	0.29
Other Income	1,160,221 46	D 37,100 31	3.10
Total Income	\$ 8,095,463 17	D \$ 57,000 99	0.70
Deductions:			
Rental Payments	\$ 1,252,501 82	\$ 15,514 03	1.25
Interest on Debt — Fixed Interest	4,526,067 88	D 1,533,406 11	25.31
Other Deductions	108,795 07	D 39,325 59	26.55
Income after Fixed Charges (Available Net Income)	\$ 2,208,098 40	\$1,500,216 68	211.93

D indicates decrease.

Income after Fixed Charges (Available Net Income) under the permissive provisions of the Plan has been allocated as follows:

Applied to Capital Fund	\$ 995,511 04
Applied to reimburse the treasury account of mortgage bonds matured and paid off during the year 1940	679,102 00
Applied to Working Capital	533,485 36
	<u>\$2,208,098 40</u>

Contingent interest for the period from June 13 to December 31, 1940 accrued at 4% per annum, but not paid amounted to \$1,055,901.00.

CAPITAL STOCK

The number of shares of Capital Stock of all classes outstanding December 31, 1940, including fully-paid negotiable receipts for subscriptions to Prior Preference Stock, was 1,046,113 shares, of a par value of \$104,611,300.

CHANGES IN FUNDED DEBT

Funded Debt on December 31, 1940 amounted to \$126,559,200.00, a decrease of \$20,433,496.45 since December 31, 1939. Of the total Funded Debt, \$1,237,500.00 is owned by the Railroad, leaving a balance of \$125,321,700.00 outstanding in the hands of the public.

INCREASE IN FUNDED DEBT

New Issues:

Series RR 1st Mortgage 4% Bonds due 7/1/60:

For cash to pay off Secured Notes held by R.F.C.	\$14,123,000 00
For cash to provide for Bondholders who had elected to take cash in lieu of 1st Mortgage Bonds \$300 per \$1,000 Bond surrendered	26,070,000 00

Issued to provide for exchange for Mortgage Bonds. \$22,197,700 00
 Issued in exchange for Secured Notes held by Banks.. 5,500,000 00

Total Series RR Bonds \$ 67,890,700 00
 Series A Income Mortgage 4½% Bonds due 7/1/70:
 Issued to provide for exchange for Mortgage Bonds..... 48,267,500 00
Total Increase..... \$116,158,200 00

DECREASE IN FUNDED DEBT

Exchanged and cancelled or to be exchanged and cancelled
 in accordance with Plan of Exchange effective June 13,
 1940:

<i>Mortgage Bonds:</i>		<i>Owned by the Public</i>	<i>Owned by the Railroad</i>	<i>Total</i>
Series	Q 5%	\$ 215,000	\$ 84,000	\$ 299,000 00
"	R 5%	1,887,000	148,000	2,035,000 00
"	S 5%	418,000	—	418,000 00
"	T 5%	5,483,000	768,000	6,251,000 00
"	U 5%	500,000	—	500,000 00
"	V 5%	1,774,000	71,000	1,845,000 00
"	W 5%	1,637,000	21,000	1,658,000 00
"	X 5%	177,000	2,000	179,000 00
"	Y 5%	910,000	—	910,000 00
"	Z 5%	1,476,000	3,000	1,479,000 00
"	AA 5%	5,620,000	956,000	6,576,000 00
"	BB 5%	170,000	—	170,000 00
"	CC 5%	583,000	—	583,000 00
"	DD 5%	1,800,500	225,000	2,025,500 00
"	EE 5%	441,000	60,000	501,000 00
"	FF 5%	749,000	3,000	752,000 00
"	GG 5%	362,000	—	362,000 00
Conn. River	4%	955,000	39,000	994,000 00
Series	II 5%	13,692,000	75,000	13,767,000 00
"	JJ 4¾%	12,973,000	75,000	13,048,000 00
"	AC 5%	27,807,000	17,000	27,824,000 00
"	NN 3%	4,400,000	—	4,400,000 00
"	KK 5%	—	7,500,000	7,500,000 00
"	LL 6%	—	17,500,000	17,500,000 00
"	MM 5%	—	3,600,000	3,600,000 00
1942's	4%	2,082,000	344,000	2,426,000 00
1944's	4½%	5,383,000	440,000	5,823,000 00
1950's	3%	5,041,000	388,000	5,429,000 00
* Totals		\$96,535,500	\$32,319,000	\$128,854,500 00

* Includes \$300.00 cash adjustment.

P.W.A. COLLATERAL NOTES PAID OFF — 7/25/40:

Series A	4%	\$ 400,000 00
"	B 4%	990,000 00
"	C 4%	602,000 00
"	D 4%	1,200,000 00
<i>Total P.W.A. Notes Paid Off</i>		3,192,000 00

MATURED FUNDED DEBT PAID OFF:

Series NN 3% Bonds	Paid	Jan. 1	\$ 200,000 00
" Q 5% "	"	July 25	30,000 00
" R 5% "	"	July 25	752,000 00
" S 5% "	"	Sept. 1	82,000 00
Equip. Trust, No. 4, 4½% Trust Cert.	"	April 1	125,000 00
" " No. 5, 5% " "	"	May 1	114,000 00
" " No. 6, 4% " "	"	June & Dec. 1	176,000 00
" " No. 7, 3½% " "	"	Dec. 1	300,000 00
P.W.A. Collateral Notes, Series A 4%	"	Mar. 15	51,000 00
" " " " B 4%	"	Mar. 15	124,000 00
" " " " C 4%	"	June 1	86,000 00
" " " " D 4%	"	Apr. 15	200,000 00
<i>Total Maturities Paid Off</i>			\$ 2,240,000 00
* Miscellaneous Equip. Obligations Transferred			2,305,196 45
<i>Total Decrease</i>			† \$136,591,696 45
<i>Net Decrease</i>			† \$ 20,433,496 45

* Balances outstanding as of February 29, 1940, for Miscellaneous Equipment Obligations were transferred from Acct. 755, "Funded Debt Unmatured" to Acct. 770, "Other Deferred Liabilities," in accordance with ruling of the I.C.C.

† Does not include amount of secured notes held by Reconstruction Finance Corporation \$10,931,528.24 or Banks \$5,500,000 which were paid off and cancelled.

FEDERAL VALUATION

By an order of the Interstate Commerce Commission dated July 12, 1930, received February 13, 1931, the final value for rate-making purposes of the Boston and Maine System (excluding the St. Johnsbury & Lake Champlain Railroad and the Montpelier & Wells River Railroad) is fixed at \$230,897,118 as of June 30, 1914. This value brought up to date by adding the net Additions and Betterments since June 30, 1914, makes the value December 31, 1940, \$291,427,552. This does not include value of non-carrier property.

FREIGHT TRAFFIC

Freight Revenue for 1940 increased 4 per cent over 1939 — the largest gross revenue since 1931.

On April 29, 1940, free pick-up and delivery service was restored.

War conditions abroad have brought about disturbance in the transportation field and have had a decidedly adverse effect upon the movement of import traffic through our terminals. The outstanding factor has been the loss of tonnage because of the sharp decrease in importations of woodpulp. To some extent this has been offset by increased production of domestic woodpulp in Northern New England.

The movement of the potato crop from the State of Maine during the 1940-1941 shipping season has been slow, due largely to good crops in other sections which have resulted in low prices for the Maine product. This traffic should move in better volume in 1941.

The national defense program has been responsible for some part of our increase in revenue, particularly in the movement of construction material, equipment and supplies to Fort Devens, Mass., to Westover Field Air Base at Chicopee, Mass., and to the Portsmouth Navy Yard at Kittery, Maine, and to the Navy Yard at Boston, Mass. The machine tool industry in our territory is very active and has given us a notable increase in traffic, which should continue.

Export traffic showed a small increase over the preceding year, notably in steel and lumber, and continued efforts to obtain the movement abroad of war materials and supplies through the ports of Boston, Mass., and Portland, Maine, are producing results.

PASSENGER TRAFFIC

Passenger revenues were slightly — but only slightly — less than in 1939 and that comparison is more favorable than in the case of most Eastern roads. An abrupt decline in passenger traffic, especially that of a recreational nature, occurred in early summer, and affected the revenues of all roads in the East.

Travel to and from Canada, which has been an important source of revenue to the Boston and Maine for many years, was seriously curtailed by governmental decrees, involving passport requirements, currency control, and restrictions upon Canadians traveling into the United States for personal reasons. Gradual recovery of this traffic is proceeding on account of steadily increasing commercial activity between the two countries. During the latter months of 1940 movements involving the armed forces contributed to our passenger traffic revenues and undoubtedly will continue through the period of military and naval defense activity.

On March 25, 1940, all Eastern roads reduced coach fares to a 2¢ per mile basis in conformity with the Interstate Commerce Commission's order which followed the experimental increase permission granted in 1938 for an 18-month period. This reduction had little effect on the Boston and Maine.

Operation of "The East Wind" — a speedy, modern, Washington-New York-Portland-Bangor daylight coach train — was an outstanding innovation of the 1940 summer season. In this enterprise the Pennsylvania, New Haven, and Maine Central Railroads joined with the Boston and Maine. Results were outstandingly good, both from the standpoint of net revenue and public relations.

On September 1, 1940, the Boston and Maine purchased and began operation of three parlor cars. Company ownership and operation seem to have been effective in securing increased net revenues.

Commuter traffic results have been encouraging and the downward trend of the past few years changed into a slight increase. A carefully conceived advertising program, preceded by market and service research, has been helpful in attracting new patrons and retaining former patrons.

During August and September, 1940, 117 units of all steel passenger equipment were acquired from the Pennsylvania Railroad and were assigned to commuter

service to displace older type of steel underframe, wooden superstructure, open platform cars.

Solicitation and promotion of special parties and excursion traffic were helpful in maintaining our passenger revenues. The importance of these activities has been continually recognized by your Company and has resulted in a steady increase in the volume of school parties, industrial outing excursions, holiday excursions and promotions to capitalize on outstanding events.

TAXES

In 1940 the Boston and Maine paid \$702,430 under the requirements of the Federal Railroad Retirement Act. During 1940, 324 additional annuities were granted to Boston and Maine employees. The rate of assessment of this tax upon the employees and upon the Railroad is currently 3% each upon the first \$300 of each employee's monthly earnings.

Under the unemployment insurance provisions of the Social Security Act, the Railroad paid in 1940 a total of \$703,464 as compared with \$649,340 paid for the similar purpose in 1939.

OPERATING RESULTS

Freight traffic volume in 1940 was 6% greater than in 1939, Gross Ton Miles being greater than in any year since 1930. With this increase new records were made.

Gross Ton Miles per Train Hour at 27,996 is a new high record and is 3.0% better than the previous record reached in 1939. Compared with 1930 this is a gain of 27.3%, the corresponding figure for that year being 21,993. Both the average train load and average train speed were up in the current year and reflect the gain in efficiency.

Net Ton Miles per Car Day increased 17.4% over 1939 and is a new high for all time. The increase in the average speed of freight cars contributed greatly to this performance, and at 38.7 miles per day is far above that of any previous year. The average car load increased to 21.5 tons which is the best figure since 1923. These gains bring about better utilization of cars, thereby requiring a lesser number of units to handle a given volume of freight traffic. The corresponding figure in 1930 was 378 Net Ton Miles per Car Day while that in 1940 was 560, a gain during the ten years of 48.1%.

Once more the amount of coal required to produce 1,000 Gross Ton Miles in freight service reached a new low in 1940 of 98 pounds. The unit of performance in 1930 was 109 pounds, so that the gain in 1940 amounts to about 10%. It is interesting to point out that if the performance of 1940 had been the same as that for 1930, operating expenses in the current year would have been higher by \$186,250.

The average miles per serviceable locomotive per day in freight service reached 96.1 and in passenger service 124.7 in 1940, and both are higher than for any previous year. The gain in freight locomotive mileage over 1930, when the

BOSTON AND MAINE RAILROAD
YEAR 1940
DISPOSITION OF THE RAILROAD DOLLAR

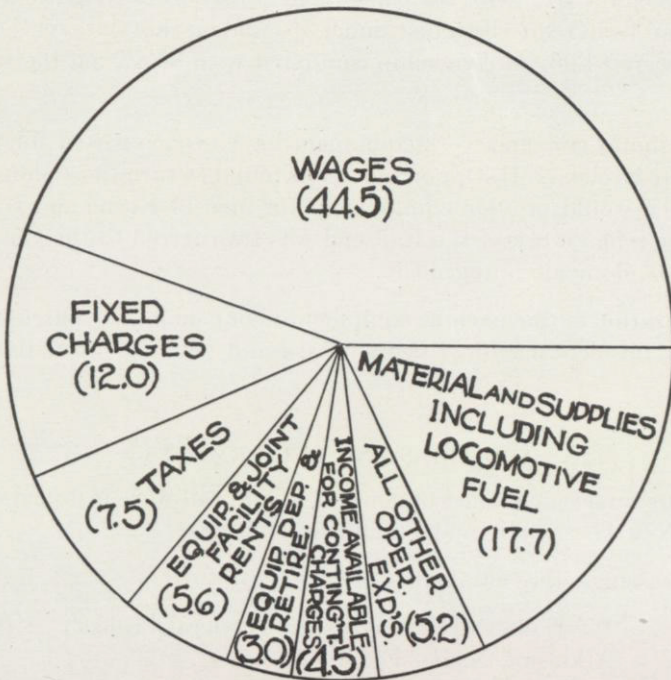


figure was 59.6, amounted to 61.2%, and the corresponding gain in passenger locomotive mileage over the figure for 1930 of 97.4 amounted to 28.0%. This effort results in a substantial reduction in the number of locomotives needed today to perform a given volume of service miles as compared with those that were necessary to be kept in serviceable condition in 1930.

Our locomotive repair shops at Billerica, Mass., and passenger car repair shops at Concord, N. H., worked steadily throughout the year to reduce the amount of rolling stock awaiting repair, such repairs having been unnecessary because of lessened traffic requirements during the past several years of depression. As a result there has been a pronounced improvement in serviceable equipment available to handle the expansion of traffic due to the National Defense program.

As of December 31, 1940, the percentage of bad order freight cars to all cars on the line had been reduced to just under 3% and on that date serviceable steam locomotives were 84.9% of ownership compared with 80.8% on the same date in 1939.

Our rail motor cars and work equipment have been repaired for many years in our shops at Keene, N. H. Opportunity was found to turn those shops over to an industry which would provide employment for men in Keene and traffic for the Railroad. The repair work of the Railroad was transferred to the Concord shops, where it can be done advantageously.

Modernization of the machine equipment in our shops is progressing on a regular program, obsolete machines being retired and new and up-to-date machines substituted.

ADDITIONS AND BETTERMENTS

Fifty-four single track miles of new 112-pound rail were installed on the main lines of the New Hampshire and Fitchburg Divisions.

Grade crossings were eliminated at

Westville, N. H., 2 crossings (Federal Project)

Atkinson, N. H. (Federal Project)

Stony Brook, Mass. (by closing)

The Cheshire Branch (South Ashburnham, Mass., to Bellows Falls, Vt.) and the Berlin Branch (Whitefield to Berlin, N. H.) were improved by strengthening the track structure and increasing the capacity of four bridges on the former and three bridges on the latter to permit the operation of heavier power (2-10-2, or Santa Fe type, locomotives).

Five bridges and three culverts were rebuilt and two culverts extended.

A pedestrian underpass was constructed at Fitchburg, Mass.; a new overhead bridge was built at Danvers, Mass., and an existing overhead bridge at Highpine, Maine, was rebuilt, both as Federal projects.

Modern automatic flashing signals were installed at nine highway crossings — one as a Railroad project and eight as Federal projects.

At Winchester, Mass., a new crossing tower was constructed and manually operated gates were replaced by electric gates connected with highway traffic signals.

The Annual Report for 1938 referred to the construction of a new joint railroad and highway bridge across the Piscataqua River by the Maine-New Hampshire Interstate Bridge Authority. The bridge was completed in 1940 and on November 10 the railroad portion was put in service.

The placing of filling in the Boston Terminal area is progressing to the extent that filling material is available.

At the North Station in Boston four of the platforms between tracks have been raised, lengthened and given a bituminous top surfacing to make it easier for passengers to enter and leave trains. It is expected that the remaining platforms will have similar treatment, a few at a time, until all have been completed.

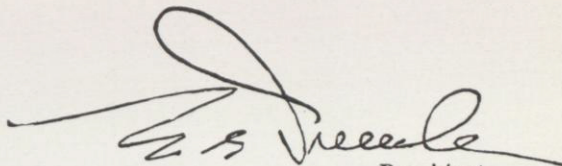
It is with great regret that the Directors record the death on January 12, 1941, of W. Rodman Peabody of Milton, Massachusetts, who was elected to the Board on April 9, 1924, became a member of the Executive Committee in the same year, and gave the Railroad most active service until his death.

The time he so willingly devoted to the affairs of the company, together with his knowledge and experience, provided an unusual degree of assistance in determining the policies and conducting the affairs of the Railroad.

Mature in years, rich in wisdom and long in patience, he was perpetually young in spirit and advanced in ideas.

The Directors desire to acknowledge and record their appreciation for the continued loyalty and efficiency of the company's officer and employee personnel during the year.

By order of the Board of Directors,



E. S. Steele
President

February 25, 1941.

CONDENSED GENERAL BALANCE SHEET — Assets

ROAD AND EQUIPMENT	Dec. 31, 1940	Dec. 31, 1939
Investment in Road.....	\$180,375,844 78	\$181,678,582 74
Investment in Equipment.....	48,780,002 44	49,422,413 67
<i>Total</i>	\$229,155,847 22	\$231,100,996 41
Improvements on Leased Railway Property.....	16,969,558 34	16,452,709 57
Deposits in Lieu of Mortgaged Property Sold.....	741,589 61	694,011 46
Miscellaneous Physical Property.....	2,487,267 20	2,510,595 92
Investments in Affiliated Companies.....	5,185,303 97	4,845,686 84
Other Investments.....	2,099,246 03	2,610,217 33
<i>Total Investments</i>	\$256,638,812 37	\$258,214,217 53
CURRENT ASSETS		
Cash.....	\$ 3,517,270 16	\$ 4,126,276 62
Cash in Transit — Agents' Remittances.....	383,214 22	336,755 15
Time Drafts and Deposits.....	33,000 00	53,000 00
Special Deposits.....	781,577 42	746,393 52
Loans and Bills Receivable.....	208 00	7,153 00
Traffic and Car Service Balances Receivable.....	371,716 36	883,958 13
Net Balance Receivable from Agents and Conductors.....	955,370 48	720,802 26
Miscellaneous Accounts Receivable.....	1,829,858 28	1,767,555 96
Material and Supplies.....	3,201,019 15	3,334,285 25
Interest and Dividends Receivable.....	95,913 26	91,929 17
Rents Receivable.....	113,000 00	150,690 00
Other Current Assets.....	29,176 48	3,393 78
<i>Total Current Assets</i>	\$ 11,311,323 81	\$ 12,222,192 84
DEFERRED ASSETS		
Working Fund Advances.....	\$ 10,372 61	\$ 9,691 61
Insurance and Other Funds.....	255,534 64	1,193,945 34
Other Deferred Assets.....	1,939,497 37	943,706 63
<i>Total Deferred Assets</i>	\$ 2,205,404 62	\$ 2,147,343 58
UNADJUSTED DEBITS		
Insurance Premiums Paid in Advance.....	\$ 91,035 01	\$ 33,232 35
Discount on Funded Debt.....	832,642 42	2,667,648 90
Other Unadjusted Debits.....	1,247,490 79	436,643 78
Securities Issued or Assumed — Unpledged.....	552,500 00	258,900 00
Securities Issued or Assumed — Pledged.....	—	32,341,100 00
<i>Total Unadjusted Debits</i>	\$ 2,723,668 22	\$ 35,737,525 03
<i>Grand Total</i>	\$272,879,209 02	\$308,321,278 98

CONDENSED GENERAL BALANCE SHEET — Liabilities

CAPITAL STOCK		Dec. 31, 1940	Dec. 31, 1939
Common Stock — 395,051 Shares.....	\$ 39,505,100 00	\$ 39,505,100 00	
Preferred Stock — 31,498 Shares.....	3,149,800 00	3,149,800 00	
First Preferred Stock — 388,179 Shares.....	38,817,900 00	38,819,200 00	
Prior Preference Stock (Includes Negotiable Receipts)....	23,138,500 00	23,138,500 00	
<i>Total Capital Stock</i>	\$104,611,300 00	\$104,612,600 00	
Stock Liability for Conversion.....	1,500 00	1,700 00	
Premiums on Capital Stock.....	4,227,040 14	4,227,040 14	
<i>Total Capital Stock and Premiums</i>	\$108,839,840 14	\$108,841,340 14	
Grants in aid of Construction.....	\$ 17,252 22	\$ 17,252 22	
LONG TERM DEBT			
Funded Debt Unmatured.....	\$126,559,200 00	\$144,687,500 00	
Miscellaneous Obligations*.....	—	2,305,196 45	
<i>Total Long Term Debt</i>	\$126,559,200 00	\$146,992,696 45	
CURRENT LIABILITIES			
Loans and Bills Payable.....	—	\$ 16,467,130 43	
Traffic and Car Service Balances Payable.....	\$ 2,652,862 86	2,070,457 58	
Audited Accounts and Wages Payable.....	5,171,262 23	4,747,540 03	
Miscellaneous Accounts Payable.....	393,408 99	377,950 63	
Interest Matured Unpaid.....	1,543,101 77	391,417 00	
Dividends Matured Unpaid.....	12,880 81	12,972 31	
Funded Debt Matured Unpaid.....	—	800 00	
Unmatured Interest Accrued.....	104,765 69	1,371,765 91	
Unmatured Rents Accrued.....	249,421 63	272,104 17	
Other Current Liabilities.....	14,509 48	4,063 43	
<i>Total Current Liabilities</i>	\$ 10,142,213 46	\$ 25,716,201 49	
DEFERRED LIABILITIES			
Due to Leased Roads at Expiration of Leases.....	\$ 209,988 70	\$ 209,988 70	
Contingent Interest Accrued.....	1,055,901 00	—	
Miscellaneous Equipment Obligations*.....	2,557,957 85	—	
New York State E.G.C. Projects.....	340,235 09	274,239 89	
Other Deferred Liabilities.....	35,784 24	51,022 44	
<i>Total Deferred Liabilities</i>	\$ 4,199,866 88	\$ 535,251 03	
UNADJUSTED CREDITS			
Tax Liability.....	\$ 874,367 48	\$ 940,655 95	
Insurance and Casualty Reserves.....	737,819 86	764,297 58	
Accrued Depreciation — Road.....	156,860 89	201,361 57	
Accrued Depreciation — Equipment.....	18,556,929 55	18,734,981 22	
Accrued Depreciation — Miscellaneous Physical Property.....	670,675 13	716,100 01	
Other Unadjusted Credits.....	1,352,274 23	1,040,017 11	
<i>Total Unadjusted Credits</i>	\$ 22,348,927 14	\$ 22,397,413 44	
CORPORATE SURPLUS			
Additions to Property through Income since June 30, 1907.....	\$ 3,377,323 77	\$ 2,469,308 47	
Funded Debt Retired through Income and Surplus.....	4,527,102 00	3,848,000 00	
Miscellaneous Fund Reserves.....	601,835 79	519,032 78	
<i>Total Appropriated Surplus</i>	\$ 8,506,261 56	\$ 6,836,341 25	
Profit and Loss — Balance.....	<i>D</i> 7,734,352 38	<i>D</i> 3,015,217 04	
<i>Total Corporate Surplus</i>	\$ 771,909 18	\$ 3,821,124 21	
<i>Grand Total</i>	\$272,879,209 02	\$308,321,278 98	

BONDS GUARANTEED

The St. Johnsbury and Lake Champlain R.R. Co. First Mortgage 5% Bonds due March 1, 1944.....	\$1,328,000 00
Concord & Claremont, N. H., R.R. First Mortgage 5% Bonds, due January 1, 1944.....	500,000 00
The Peterborough and Hillsborough R.R. First Mortgage 4½% Bonds due July 1, 1941, owned by Boston and Maine Railroad.....	100,000 00
	<hr/> \$1,928,000 00

D Indicates Debit Balance.

*Transferred from "Long Term Debt" to "Deferred Liabilities."

INCOME ACCOUNT

	Year Ended Dec. 31, 1940	Increase or Decrease	Per cent
TRANSPORTATION REVENUE			
Freight	\$34,523,393 68	\$1,329,831 70	4.01
Passenger	7,072,014 95	D 21,901 32	0.31
Excess Baggage	7,141 31	D 252 24	3.41
Parlor and Chair Car	4,725 68	4,725 68	
Mail	1,415,315 07	5,102 19	0.36
Express	834,253 72	38,148 52	4.79
Other Passenger Train	273,247 59	D 6,702 05	2.39
Milk	781,819 96	D 108,494 76	12.19
Switching	562,698 98	D 32,397 80	5.44
Water Transfers — Freight	10,339 91	3,115 30	43.12
<i>Total Transportation Revenue</i>	<i>\$45,484,950 85</i>	<i>\$1,211,175 22</i>	<i>2.74</i>
INCIDENTAL REVENUE			
Dining and Buffet	\$ 63,820 04	\$ 1,966 98	3.18
Station and Train Privileges	183,209 64	2,444 80	1.35
Parcel Room	14,582 44	D 165 45	1.12
Storage — Freight	59,953 62	D 16,863 42	21.95
Storage — Baggage	2,276 44	D 62 20	2.66
Demurrage	170,591 20	D 16,321 85	8.73
Telegraph and Telephone	16,143 17	98 17	0.61
Grain Elevator	63,438 11	47,128 98	288.97
Power	56,325 05	3,864 99	7.37
Rents of Buildings and Other Property	649,580 71	40,273 88	6.61
Miscellaneous	615,409 82	D 18,114 99	2.86
<i>Total Incidental Revenue</i>	<i>\$ 1,895,330 24</i>	<i>\$ 44,249 89</i>	<i>2.39</i>
Joint Facility — Cr.	\$ 220,476 51	\$ 1,761 61	0.81
Joint Facility — Dr.	2,965 42	476 38	19.14
<i>Total Joint Facility Operating Revenue</i>	<i>\$ 217,511 09</i>	<i>\$ 1,285 23</i>	<i>0.59</i>
<i>Total Operating Revenues</i>	<i>\$47,597,792 18</i>	<i>\$1,256,710 34</i>	<i>2.71</i>
OPERATING EXPENSES			
Maintenance of Way and Structures	\$5,802,584 62	\$ 367,676 51	6.77
Maintenance of Equipment	7,078,676 76	182,751 67	2.65
Traffic	772,145 36	D 6,467 29	0.83
Transportation	18,778,837 19	577,685 20	3.17
Miscellaneous Operations	103,514 71	8,715 92	9.19
General	1,730,940 58	D 2,746 27	0.16
Transportation for Investment — Cr.	8,707 41	3,536 57	68.39
<i>Total Operating Expenses</i>	<i>\$34,257,991 81</i>	<i>\$1,124,079 17</i>	<i>3.39</i>
<i>Operating Ratio</i>	<i>(71.97%)</i>	<i>(.47)</i>	
<i>Net Operating Revenue</i>	<i>\$13,339,800 37</i>	<i>\$ 132,631 17</i>	<i>1.00</i>
TAX ACCRUALS			
	\$ 3,661,054 03	\$ 141,330 91	4.02
<i>Operating Income</i>	<i>\$ 9,678,746 34</i>	<i>D \$ 8,699 74</i>	<i>0.09</i>
Rent from Locomotives	\$ 9,708 80	D \$ 9,412 05	49.22
Rent from Passenger-Train Cars	297,587 07	4,886 53	1.67
Rent from Work Equipment	32,501 85	D 13,291 69	29.03
Joint Facility Rent Income	313,517 38	D 17,158 40	5.19
<i>Total Rent Income</i>	<i>\$ 653,315 10</i>	<i>D \$ 34,975 61</i>	<i>5.08</i>

D indicates decrease.

INCOME ACCOUNT — *Concluded*

	Year Ended Dec. 31, 1940	Increase or Decrease	Per cent
Hire of Freight Cars — Debit Balance.....	\$ 2,459,455 62	\$ 50,697 47	2.10
Rent for Locomotives.....	9,819 41	76 04	0.78
Rent for Passenger Train Cars.....	463,236 87	D 6,843 16	1.46
Rent for Floating Equipment.....	750 57	D 69 29	8.45
Rent for Work Equipment.....	13,046 97	D 3,336 98	20.37
Joint Facility Rents.....	450,510 29	D 64,298 75	12.49
<i>Total Rents Payable.....</i>	<i>\$ 3,396,819 73</i>	<i>D \$ 23,774 67</i>	<i>0.70</i>
<i>Net Rents Payable.....</i>	<i>\$ 2,743,504 63</i>	<i>\$ 11,200 94</i>	<i>0.41</i>
<i>Net Railway Operating Income.....</i>	<i>\$ 6,935,241 71</i>	<i>D \$ 19,900 68</i>	<i>0.29</i>
OTHER INCOME			
Income from Lease of Road and Equipment....	\$ 318,380 00	\$ 21 74	0.01
Miscellaneous Rent Income.....	298,841 64	D 13,931 62	4.45
Miscellaneous Nonoperating Physical Property..	90,798 74	D 20,450 47	18.38
Separately Operated Properties — Profit.....	735 85	735 85	
Dividend Income.....	76,556 74	21,045 74	37.91
Income from Funded Securities.....	131,933 65	7,542 85	6.06
Income from Unfunded Securities and Accounts..	158,187 69	D 8,706 90	5.22
Income from Sinking and Other Reserve Funds..	43,244 20	D 23,361 50	35.07
Miscellaneous Income.....	41,542 95	4 00	.01
<i>Total Other Income.....</i>	<i>\$ 1,160,221 46</i>	<i>D \$ 37,100 31</i>	<i>3.10</i>
<i>Total Income.....</i>	<i>\$ 8,095,463 17</i>	<i>D \$ 57,000 99</i>	<i>0.70</i>
MISCELLANEOUS DEDUCTIONS FROM INCOME			
Miscellaneous Rents.....	\$ 7,495 85	\$ 607 91	8.83
Miscellaneous Tax Accruals.....	23,877 70	D 1,767 12	6.89
Separately Operated Properties — Loss.....	8,385 47	10,942 90	—
Miscellaneous Income Charges.....	9,478 63	D 838 43	8.13
<i>Total Miscellaneous Deductions.....</i>	<i>\$ 49,237 65</i>	<i>\$ 8,945 26</i>	<i>22.20</i>
<i>Income Available for Fixed Charges.....</i>	<i>\$ 8,046,225 52</i>	<i>D \$ 65,946 25</i>	<i>0.81</i>
FIXED CHARGES			
Rent for Leased Roads.....	\$ 1,245,005 97	\$ 14,906 12	1.21
Interest on Funded Debt — Fixed Interest.....	4,038,131 90	D 1,290,653 24	24.22
Interest on Unfunded Debt.....	487,935 98	D 242,752 87	33.22
Amortization of Discount on Funded Debt.....	67,053 27	D 47,662 94	41.55
<i>Total Fixed Charges.....</i>	<i>\$ 5,838,127 12</i>	<i>D \$1,566,162 93</i>	<i>21.15</i>
<i>Income After Fixed Charges.....</i>	<i>\$ 2,208,098 40</i>	<i>\$1,500,216 68</i>	<i>211.93</i>
CONTINGENT CHARGES			
Interest on Funded Debt—Contingent Interest..	\$ 1,055,901 00	\$1,055,901 00	
<i>Net Income.....</i>	<i>\$ 1,152,197 40</i>	<i>\$ 444,315 68</i>	
DISPOSITION OF NET INCOME			
Income applied to Sinking and Other Reserve Funds.....	\$ 679,102 00	\$ 679,102 00	
Income Appropriated for Investment in Physical Property.....	995,511 04	995,511 04	
<i>Total Appropriations of Income.....</i>	<i>\$ 1,674,613 04</i>	<i>\$1,674,613 04</i>	
<i>Balance Transferred to Profit & Loss (Deficit)</i>	<i>\$ 522,415 64</i>	<i>D \$1,230,297 36</i>	

D Indicates decrease.

OPERATING EXPENSES

	Year Ended Dec. 31, 1940	Increase or Decrease
MAINTENANCE OF WAY AND STRUCTURES		
Superintendence.....	\$ 386,350 27	D \$ 14,990 28
Roadway Maintenance.....	442,240 30	D 89 11
Tunnels and Subways.....	16,873 46	4,864 61
Bridges, Trestles and Culverts.....	177,707 57	D 102,241 73
Ties.....	509,222 22	98,710 40
Rails.....	188,089 48	103,213 99
Other Track Material.....	330,402 29	66,631 87
Ballast.....	38,204 81	D 25,375 16
Track Laying and Surfacing.....	1,415,510 24	97,508 40
Fences, Snowsheds and Signs.....	29,837 46	4,288 18
Station and Office Buildings.....	319,618 70	15,642 38
Station and Office Buildings — Depreciation.....	4,488 96	
Roadway Buildings.....	16,958 58	D 1,656 49
Water Stations.....	37,152 50	D 2,935 37
Fuel Stations.....	26,776 50	D 5,693 25
Shops and Enginehouses.....	192,880 19	32,055 22
Grain Elevators.....	14,672 98	D 23,811 75
Storage Warehouses.....	523 36	190 42
Wharves and Docks.....	82,348 70	29,957 31
Coal and Ore Wharves.....	34,001 10	D 5,375 02
Telegraph and Telephone Lines.....	36,437 42	2,639 52
Signals and Interlockers.....	482,606 91	D 133,837 04
Power Plants.....	3,114 57	D 1,245 73
Power Transmission Systems.....	34,265 46	D 3,868 11
Miscellaneous Structures.....	335 49	D 32 12
Roadway Machines.....	93,021 89	8,827 30
Small Tools and Supplies.....	97,675 25	17,050 89
Removing Snow, Ice and Sand.....	480,103 45	165,415 77
Public Improvements — Maintenance.....	111,443 93	399 98
Injuries to Persons.....	43,395 01	15,945 62
Insurance.....	14,494 43	278 59
Stationery and Printing.....	5,415 88	D 179 39
Other Expenses.....	361 94	D 88
Maintaining Joint Tracks, Yards and Other Facilities — Dr.....	203,776 32	21,440 80
Maintaining Joint Tracks, Yards and Other Facilities — Cr.....	67,723 00	D 4,061 62
Right of Way Expenses.....	—	D 114 93
<i>Total Maintenance of Way and Structures.....</i>	<i>\$ 5,802,584 62</i>	<i>\$ 367,676 51</i>
MAINTENANCE OF EQUIPMENT		
Superintendence.....	\$ 319,072 32	\$ 617 41
Shop Machinery.....	185,479 95	D 34,094 00
Power-Plant Machinery.....	42,009 90	D 18,237 86
Steam Locomotives — Repairs.....	3,047,839 77	451,766 21
Other Locomotives — Repairs.....	120,338 98	16,045 38
Freight-Train Cars — Repairs.....	737,329 51	D 180,977 79
Passenger-Train Cars — Repairs.....	847,659 76	18,503 25
Floating Equipment — Repairs.....	699 61	401 69
Work Equipment — Repairs.....	187,705 19	60,362 23
Miscellaneous Equipment — Repairs.....	11,239 26	D 98 48
Equipment — Retirements.....	32,734 52	D 62,003 90
Equipment — Depreciation.....	1,442,847 63	D 72,529 28
Injuries to Persons.....	38,091 23	D 5,376 17
Insurance.....	6,359 01	331 84
Stationery and Printing.....	5,724 01	D 1,286 32
Other Expenses.....	2,695 17	570 35
Maintaining Joint Equipment at Terminals — Dr.....	55,261 93	9,036 86
Maintaining Joint Equipment at Terminals — Cr.....	4,410 99	279 75
<i>Total Maintenance of Equipment.....</i>	<i>\$ 7,078,676 76</i>	<i>\$ 182,751 67</i>

D Indicates decrease.

OPERATING EXPENSES — *Continued*

	Year Ended Dec. 31, 1940	Increase or Decrease
TRAFFIC		
Superintendence.....	\$ 287,594 75	\$ 898 74
Outside Agencies.....	266,238 49	991 22
Advertising.....	148,001 52	4,943 57
Traffic Associations.....	34,162 90	9,377 94
Industrial and Immigration Bureaus.....	13,591 22	174 68
Insurance.....	345 07	59 79
Stationery and Printing.....	21,970 86	D 21,733 45
Other Expenses.....	240 55	D 1,179 78
<i>Total Traffic.....</i>	<i>\$ 772,145 36</i>	<i>D \$ 6,467 29</i>
TRANSPORTATION		
Superintendence.....	\$ 502,258 75	\$ 9,357 48
Dispatching Trains.....	199,927 10	6,730 20
Station Employees.....	2,889,099 61	2,604 20
Weighing, Inspection and Demurrage Bureaus.....	17,011 71	D 941 29
Coal and Ore Wharves.....	91,726 17	D 1,137 42
Station Supplies and Expenses.....	280,833 78	9,252 82
Yardmasters and Yard Clerks.....	453,824 39	4,482 13
Yard Conductors and Brakemen.....	992,726 03	40,350 36
Yard Switch and Signal Tenders.....	177,650 53	6,735 93
Yard Enginemen.....	436,960 87	D 32,082 18
Yard Motormen.....	177,356 54	50,452 49
Yard Switching Fuel.....	400,297 09	D 8,288 25
Water for Yard Locomotives.....	16,639 00	D 39 39
Lubricants for Yard Locomotives.....	15,296 55	3,190 50
Other Supplies for Yard Locomotives.....	9,637 20	1,359 49
Enginehouse Expenses — Yard.....	110,611 54	708 49
Yard Supplies and Expenses.....	46,772 99	1,327 70
Operating Joint Yards and Terminals — <i>Dr.</i>	1,111,471 58	125,311 77
Operating Joint Yards and Terminals — <i>Cr.</i>	201,441 25	11,459 48
Train Enginemen.....	1,895,623 85	72,737 48
Train Motormen.....	87,680 21	2,484 51
Train Fuel.....	2,970,897 92	55,623 25
Train Power Purchased.....	109,126 85	2,942 53
Water for Train Locomotives.....	132,436 55	3,501 08
Lubricants for Train Locomotives.....	84,257 50	7,511 03
Other Supplies for Train Locomotives.....	47,076 44	7,913 21
Enginehouse Expenses — Train.....	666,259 93	26,219 33
Trainmen.....	2,454,060 92	109,956 46
Train Supplies and Expenses.....	819,816 51	37,539 27
Signal and Interlocker Operation.....	436,261 85	3,171 41
Crossing Protection.....	700,464 83	D 7,310 02
Drawbridge Operation.....	23,596 50	D 3,106 77
Telegraph and Telephone Operation.....	42,370 88	301 91
Operating Floating Equipment.....	16,075 81	5,887 27
Stationery and Printing.....	78,413 51	D 8,925 17
Other Expenses.....	11,953 29	D 3,138 78
Operating Joint Tracks and Facilities — <i>Dr.</i>	92,226 54	54,956 37
Operating Joint Tracks and Facilities — <i>Cr.</i>	46,893 28	5,280 44
Insurance.....	4,926 02	D 303 82
Clearing Wrecks.....	22,402 71	D 4,515 37
Damage to Property.....	17,823 76	2,807 71
Damage to Live Stock on Right-of-Way.....	2,307 08	88 27
Loss and Damage — Freight.....	205,673 36	D 6,348 44
Loss and Damage — Baggage.....	1,259 36	282 13
Injuries to Persons.....	174,078 11	14,775 24
<i>Total Transportation.....</i>	<i>\$18,778,837 19</i>	<i>\$ 577,685 20</i>

D Indicates decrease.

OPERATING EXPENSES — *Concluded*

	Year Ended Dec. 31, 1940	Increase or <i>Decrease</i>
MISCELLANEOUS OPERATIONS		
Dining and Buffet Service.....	\$ 84,560 15	\$ 2,230 94
Grain Elevators.....	18,795 68	6,484 98
Other Miscellaneous Operations.....	158 88	—
<i>Total Miscellaneous Operations.....</i>	<i>\$ 103,514 71</i>	<i>\$ 8,715 92</i>
GENERAL		
Salaries and Expenses of General Officers.....	\$ 166,565 69	\$ 1,454 62
Salaries and Expenses of Clerks and Attendants.....	1,194,164 49	5,187 98
General Office Supplies and Expenses.....	103,281 97	1,927 61
Law Expenses.....	128,230 67	<i>D 2,007 77</i>
Insurance.....	469 49	<i>D 235 85</i>
Pensions.....	7,322 80	4,590 38
Stationery and Printing.....	33,799 02	<i>D 950 34</i>
Valuation Expenses.....	24,035 79	195 66
Other Expenses.....	60,674 15	<i>D 12,397 62</i>
General Joint Facilities — <i>Dr.</i>	12,396 51	<i>D 510 94</i>
<i>Total General.....</i>	<i>\$ 1,730,940 58</i>	<i>D \$ 2,746 27</i>
Transportation for Investment — <i>Cr.</i>	\$ 8,707 41	\$ 3,536 57
<i>Total Operating Expenses.....</i>	<i>\$34,257,991 81</i>	<i>\$1,124,079 17</i>
<i>Ratio to Total Operating Revenues.....</i>	<i>(71.97%)</i>	<i>(.47%)</i>

D Indicates decrease.

PROFIT AND LOSS ACCOUNT, DECEMBER 31, 1940

Item	Dr.	Cr.
Balance December 31, 1939 (Debit).....	\$ 3,015,217 04	
Debit Balance from Income Acct. for Year 1940.....	522,415 64	
Miscellaneous Credits.....		\$ 81,313 25
Loss on Retired Road, Equipment:		
Retirement of Road — Oakdale to Wheelwright, Mass...	1,044,309 08	
Other Retirements — Various.....	688,386 18	
Miscellaneous Debits.....	143,739 96	
Adjustment of unextinguished discount on B. & M. R. R. Mortgage bonds reacquired under the Plan.....	2,401,597 73	
Balance, December 31, 1940 — (Debit).....		7,734,352 38
<i>Totals.....</i>	<i>\$ 7,815,665 63</i>	<i>\$7,815,665 63</i>
<i>Balance to Next Year's Account (Debit).....</i>	<i>\$ 7,734,352 38</i>	

ADDITIONS AND BETTERMENTS

Year Ended December 31, 1940

Road	Gross Expenditures	Net Capital Changes
1 Engineering	\$ 20,671 41	\$ 57,503 22
2 Land for Transportation Purposes	2,774 66	122,939 74
3 Grading	38,892 30	391,582 02
5 Tunnels and Subways	799 78	799 78
6 Bridges, Trestles and Culverts	50,486 43	83,551 90
8 Ties	13,821 24	57,753 14
9 Rails	413,858 69	40,568 22
10 Other Track Material	312,356 42	40,882 52
11 Ballast	3,618 82	31,118 27
12 Track Laying and Surfacing	22,764 86	52,868 20
13 Fences, Snowsheds and Signs	388 58	16,266 12
15 Crossings and Signs		54,175 97
16 Station and Office Buildings	79,177 72	51,691 06
17 Roadway Buildings	1,164 90	9,315 38
18 Water Stations	4,962 77	28,276 89
19 Fuel Stations	3,118 87	48,520 47
20 Shops and Enginehouses	47,275 52	220,258 81
23 Wharves and Docks		2,643 80
24 Coal and Ore Wharves	3,109 40	51,273 53
25 Gas-Producing Plants		66,764 17
26 Telegraph and Telephone Lines	259 55	1,408 92
27 Signals and Interlockers	59,696 11	33,795 07
31 Power-Transmission Systems	6,910 23	4,343 39
35 Miscellaneous Structures	158 50	158 50
37 Roadway Machines	11,376 23	3,778 39
38 Roadway Small Tools	2,044 56	2,044 56
39 Public Improvements — Construction	91,839 18	91,794 68
44 Shop Machinery	112,539 11	54,720 50
45 Power-Plant Machinery	375 00	19,056 19
Equipment	\$1,304,440 84	\$1,284,659 63
51 Steam Locomotives	\$ 418,446 17	38,189 92
52 Other Locomotives	194,973 92	194,973 92
53 Freight-Train Cars	3,056 87	895,058 45
54 Passenger-Train Cars	530,012 05	182,409 58
57 Work Equipment	184,727 27	89,432 08
58 Miscellaneous Equipment	5,244 92	2,885 72
General Expenditures	\$1,336,461 20	\$ 642,411 23
76 Interest During Construction	—	296 70
Totals	\$2,640,902 04	\$1,927,367 56

Summary

Credit:

Equipment Retired	\$1,978,872 43
Land Sold and Property Retired	2,390,133 70
Adjustment account of transfer of Ledger Value of Keene, N. H. Shops from Carrier Property to Non-Carrier Property	199,263 47

Total Credits \$4,568,269 60

Gross Expenditures 2,640,902 04 **\$1,927,367 56**

Distribution as follows:

Credited to Capital Accounts	\$1,945,149 19
Charged to Leased Roads	17,781 63 \$1,927,367 56

Italics indicate credit.

CAPITAL STOCK AND FUNDED DEBT OUTSTANDING DECEMBER 31, 1940 — OWNED ROAD

CAPITAL STOCK	Amount Outstanding	Dividend Rate	Cumulative Dividends Unpaid Since †Jan. 1, 1932—*Oct. 1, 1931	Amount in Hands of the Public	Owned, Deposited with Trustee, or Held in Treasury or in Insurance Fund**
Prior Preference	\$ 23,133,600 00	7 %	†\$63 00 per share\$14,449,995 00	\$ 22,936,500 00	\$197,100 00
Prior Preference Negotiable Receipts.....	4,900 00			4,900 00	
First Preferred, Class A.....	18,860,000 00	5 %	*\$46 25 per share	18,834,100 00	25,900 00
" " B.....	7,648,800 00	8 %	\$74 00 " "	7,648,800 00	
" " C.....	7,917,100 00	7 %	\$64 75 " "	7,910,000 00	7,100 00
" " D.....	4,327,000 00	10 %	\$92 50 " "	4,323,900 00	3,100 00
" " E.....	65,000 00	4½ %	\$41 625 " "	65,000 00	
Preferred.....	3,149,800 00	6 %	Non-cumulative	3,149,800 00	32,300 00
Common.....	39,505,100 00			39,472,800 00	
	\$104,611,300 00			\$104,345,800 00	\$265,500 00
FUNDED DEBT					
General Mortgage Series T.....	Amount Outstanding	Rate	Date of Maturity		
" " V.....	\$ 390,000 00	5 %	Sept. 1, 1941	\$ 390,000 00	
" " W.....	123,000 00	5 %	Mar. 1, 1942	123,000 00	
" " X.....	12,000 00	5 %	Apr. 1, 1942	12,000 00	
" " Y.....	5,000 00	5 %	July 1, 1942	5,000 00	
" " Z.....	74,000 00	4 %	Aug. 1, 1942	74,000 00	
" " Connecticut River.....	48,000 00	5 %	Jan. 1, 1943	48,000 00	
" " Series AA.....	62,000 00	5 %	May 1, 1943	62,000 00	
" " CC.....	6,000 00	4 %	Sept. 1, 1943	6,000 00	
" " DD.....	177,000 00	4½ %	Jan. 1, 1944	171,000 00	\$ 6,000 00
" " EE.....	477,000 00	5 %	Apr. 1, 1944	477,000 00	
" " FF.....	29,000 00	5 %	Jan. 1, 1945	29,000 00	
" " GG.....	83,000 00	5 %	June 1, 1945	83,000 00	
" " HH.....	6,000 00	5 %	Jan. 1, 1946	6,000 00	
" " II.....	52,000 00	5 %	Jan. 1, 1947	52,000 00	
" " JJ.....	13,000 00	5 %	Apr. 1, 1947	13,000 00	
" " KK.....	25,000 00	3 %	July 1, 1950	10,000 00	15,000 00
" " LL.....	1,233,000 00	5 %	May 1, 1955	1,233,000 00	
" " MM.....	67,890,700 00	4 %	July 1, 1960	67,638,200 00	252,500 00
" " NN.....	895,000 00	4¾ %	Apr. 1, 1961	890,000 00	5,000 00
First General					

"	"	"	AC	3,118,000 00	Sept.	1, 1967	5	2,431,000 00	687,000 00
Income Mortgage	"	"	A	48,267,500 00	July	1, 1970	4 1/2%	47,995,500 00	272,000 00
<i>Total Mortgage Bonds</i>				\$122,986,200 00				\$121,748,700 00	\$1,237,500 00
Equipment Trust No. 4 Trust Certificates	"	"	5	375,000 00	Apr.	1, 1941-43	4 1/2%	\$ 375,000 00	
"	"	"	6	456,000 00	May	1, 1941-44	5	456,000 00	
"	"	"	7	1,572,000 00	June-Dec.	1, 1941-49	4	1,572,000 00	
<i>Total Equipment Trust Obligations</i>				1,170,000 00	Dec.	1, 1941-44	3 1/2%	1,170,000 00	
<i>Grand Total Funded Debt</i>				\$ 3,573,000 00				\$ 3,573,000 00	
				\$126,559,200 00				\$125,321,700 00	\$1,237,500 00

** No interest accrued except on bonds held in Insurance Fund.

CAPITAL STOCK AND FUNDED DEBT OUTSTANDING DECEMBER 31, 1940

Leased Roads

NAME OF ROAD AND DESCRIPTION	CAPITAL STOCK		
	Amount Outstanding	Dividend Rate (Paid as rental)	Owned and held in Treasury or in Insurance Fund
Nashua and Lowell.....	\$ 800,000 00	9 %	\$ 193,500 00
Stony Brook.....	300,000 00	7 %	21,700 00
Wilton.....	240,000 00	*3½ %	232,000 00
Peterborough.....	385,000 00	1½ %	330,300 00
Concord and Portsmouth.....	350,000 00	3½ %	216,490 00
Pemigewasset Valley.....	541,500 00	3 %	397,900 00
Northern.....	3,068,400 00	6 %	209,500 00
Vermont and Massachusetts.....	3,193,000 00	6 %	
Troy and Bennington.....	150,800 00	10 %	14,600 00
Connecticut and Passumpsic Rivers — Preferred.....	2,500,000 00	6 %	177,600 00
Massawippi Valley.....	800,000 00	6 %	
Vermont Valley.....	1,000,000 00		1,000,000 00
Sullivan County.....	500,000 00		
Franklin & Tilton.....	265,600 00		132,800 00
Peterborough and Hillsborough.....	45,000 00		
Newport & Richford.....	350,000 00		
Concord & Claremont, N. H.....	412,400 00		11,700 00
<i>Total Capital Stock.....</i>	<i>\$14,901,700 00</i>		<i>\$2,938,000 00</i>

FUNDED DEBT

	Bonds Outstanding	Date of Maturity	Rate	Owned and held in Treasury or in Insurance Fund
Newport & Richford..... First Mortgage	\$ 350,000 00	Jan. 1, 1941	5 %	\$350,000 00
Peterborough and Hillsborough..... First Mortgage	100,000 00	July 1, 1941	4½ %	100,000 00
Peterborough and Hillsborough..... Second Mortgage	65,000 00	Apr. 30, 1887	No interest	
Connecticut and Passumpsic Rivers..... First Mortgage	1,900,000 00	Apr. 1, 1943	4 %	
Concord & Claremont, N. H..... First Mortgage	500,000 00	Jan. 1, 1944	5 %	96,000 00
Sullivan County..... First Mortgage	357,000 00	Apr. 1, 1944	6 %	
Vermont Valley..... First Mortgage	1,500,000 00	Oct. 1, 1955	4 %	
<i>Total Funded Debt.....</i>	<i>\$4,772,000 00</i>			<i>\$546,000 00</i>

MILES OF ROAD OPERATED, DECEMBER 31, 1940

STEAM ROADS	Owned	Leased	Total
Main Lines.....	809 96	244 02	1,053 98
Branch Lines.....	576 70	193 16	769 86
Trackage Rights.....		82 28	82 28
<i>Total Road Operated.....</i>	<i>1,386 66</i>	<i>519 46</i>	<i>1,906 12</i>
Second Track.....	440 50	(A) 130 26	570 76
Third Track.....	4 40	(B) 5 53	9 93
Other Tracks.....	970 47	188 62	1,159 09
<i>Total Track Operated.....</i>	<i>2,802 03</i>	<i>843 87</i>	<i>3,645 90</i>

* Annual rental \$8,844.00.

(A) Includes trackage rights, 15.00 miles.

(B) Includes trackage rights, .99 mile.

OPERATING STATISTICS

		Year Ended Dec. 31, 1940	Increase or Decrease
AVERAGE MILES OF ROAD OPERATED			
Freight service		1,891.55	<i>24.49</i>
Passenger service		1,484.60	<i>67.77</i>
<i>Total</i>		<i>1,910.00</i>	<i>28.70</i>
TRAIN MILEAGE			
Freight service (with locomotives)		3,442,721	189,040
Passenger service (with locomotives)		6,252,245	37,738
Passenger service (without locomotives)		499,711	<i>1,563</i>
Work service		115,500	15,604
<i>Total train miles</i>		<i>10,310,177</i>	<i>240,819</i>
*LOCOMOTIVE MILEAGE			
Freight service		4,177,671	256,122
Passenger service		6,619,634	79,018
Train switching		324,750	<i>12,126</i>
Yard switching		1,963,086	61,518
Work service		163,596	17,942
<i>Total locomotive miles</i>		<i>13,248,737</i>	<i>402,474</i>
CAR MILEAGE			
Freight-Train Car Miles:			
Loaded		117,750,733	5,389,901
Empty		57,041,164	3,838,600
Caboose		3,580,578	206,675
<i>Total freight-train car miles</i>		<i>178,372,475</i>	<i>9,435,176</i>
Passenger-Train Car Miles:			
Passenger coaches		14,127,794	420,055
Sleeping and parlor cars		3,808,548	<i>72,548</i>
Club, lounge, dining and observation cars		267,779	51,936
Business cars		18,873	2,120
Mail, express, and baggage cars, and combination cars other than passenger		14,850,641	177,804
Combination passenger cars (mail, express, or baggage with passenger)		4,240,076	70,218
<i>Total passenger-train car miles</i>		<i>37,313,711</i>	<i>649,585</i>
<i>Total transportation service car miles</i>		<i>215,686,186</i>	<i>10,084,761</i>
AVERAGES			
Operating revenues per mile of road		\$24,920.31	\$1,017.14
Operating expenses per mile of road		17,936.12	845.33
Net railway operating income per mile of road		3,631.02	43.49
Operating revenues per train mile		\$4.67	\$.02
Operating expenses per train mile		3.36	.04
Net railway operating income per train mile68	.02
Total Freight cars per revenue train mile		50.77	.11
Loaded Freight cars per revenue train mile		34.20	.33
Empty Freight cars per revenue train mile		16.57	.22
Total Passenger cars per train mile		5.53	.07

* Includes 279,595 Electric locomotive miles, 12,334 Tractor locomotive miles and 587,568 Diesel locomotive miles
Italics indicate decrease.

TRAFFIC STATISTICS

	Year Ended Dec. 31, 1940	Increase or Decrease
FREIGHT		
Freight Revenue.....	\$34,523,394	\$1,329,832
Tons of revenue freight carried.....	16,271,518	889,800
Tons of company freight carried.....	1,666,925	182,278
<i>Total tons of freight carried.....</i>	<i>17,938,443</i>	<i>1,072,078</i>
Tons of revenue freight carried one mile.....	2,382,235,534	134,068,530
Tons of company freight carried one mile.....	143,141,966	14,578,896
<i>Total tons of freight carried one mile.....</i>	<i>2,525,377,500</i>	<i>148,647,426</i>
PASSENGER		
Passenger Revenue:		
Monthly commutation ticket passengers.....	\$ 602,456.04	\$ 8,074.94
All other commutation ticket passengers.....	958,186.16	31,593.53
Single fare ticket passengers (not including interline).....	3,465,272.10	38,698.58
Interline ticket passengers.....	2,046,100.65	84,118.49
<i>Total passenger revenue.....</i>	<i>\$7,072,014.95</i>	<i>\$21,901.32</i>
Number of Passengers Carried:		
Monthly commutation ticket passengers.....	2,922,217	21,914
All other commutation ticket passengers.....	5,857,419	148,574
Single fare ticket passengers (not including interline).....	7,255,623	608,645
Interline ticket passengers.....	1,012,830	49,584
<i>Total number of passengers carried.....</i>	<i>17,048,089</i>	<i>784,889</i>
Number of Passengers carried one mile:		
Monthly commutation ticket passengers.....	66,275,721	840,914
All other commutation ticket passengers.....	54,425,621	2,051,601
Single fare ticket passengers (not including interline).....	181,271,297	17,200,643
Interline ticket passengers.....	92,688,117	6,735,193
<i>Total number of passengers carried one mile.....</i>	<i>394,660,756</i>	<i>25,146,523</i>
Number of passengers to and from Boston, including monthly ticket passengers..	15,511,468	795,610
AVERAGES		
Freight:		
Miles hauled — revenue freight.....	146.41	.25
Tons of revenue freight per train mile.....	691.96	1.00
Tons of revenue freight per loaded car mile.....	20.23	.22
Revenue per ton of freight.....	\$2.12171	\$.03628
Revenue per ton per mile..... (cents)	1.449	.027
Revenue per revenue train mile.....	\$10.028	.174
Freight revenue per loaded car mile..... (cents)	29.319	.223
Passenger:		
Average distance carried per passenger (miles).....	23.15	.43
Number of passengers per train mile.....	58.45	3.43
Number of passengers per car mile.....	17.80	.82
Revenue per passenger..... (cents)	41.48	2.14
Revenue per passenger mile, monthly commutation ticket passengers..... (cents)	.910	.00
Revenue per passenger mile, other commutation ticket passengers..... (cents)	1.761	.008
Revenue per passenger mile, single-fare not including interline..... (cents)	1.912	.176
Revenue per passenger mile, interline passengers..... (cents)	2.208	.270
Revenue per passenger mile, all passengers..... (cents)	1.792	.128
Passenger revenue per passenger car mile..... (cents)	31.890	.713
Total passenger service train revenue per train mile.....	\$1.539	\$.021

Italics indicate decrease.